

# Employer of Choice - developing a distinct Employer Brand

**By Carel Redelinghuys**

Research has found a strong correlation between superior shareholder value creation and a contextually aligned and strategically appropriate employment value proposition. Studies have further revealed that such a distinct employment value proposition translates into a stronger pull on talent and that companies who have a strong employment value proposition seldom lose top performers to other companies.

Over time, the ability of a firm to deliver on its offer to its employees will form the foundation of its employer brand image – just as a firm’s ability to deliver on its product offering contributes to the reputation of its brand.

## **The business case for a strong Employer Brand**

Findings from a University of Michigan study revealed the following relationship:

- 5% increase in employee loyalty generates and reinforces behaviour that leads to
- a 2% increase in customer loyalty, which translates into increased business that leads to
- a 1.8% increase in share price.

The average share value of the 58 publicly traded firms on Fortune’s “100 Best Companies to work for” list has increased 12% more than the S&P 500 over the past three years. The Fortune “100 Best Companies to work for” receive nearly twice as many employment applications as non-100 companies. They have a lower average turnover rate of 12.0% versus 26.0% for non-100 companies and boast a higher average length of employment of six years versus 3.6 years for non-100 companies.

## **Employment Value Proposition drives Employer Brand Image**

An Employer brand is built from the specific job offers or value proposition a company makes to its employees. The cumulative effect of this determines the desirability of an employer and differentiates it from other employers. For example – long hours with high pay.

## The Employment Value Proposition

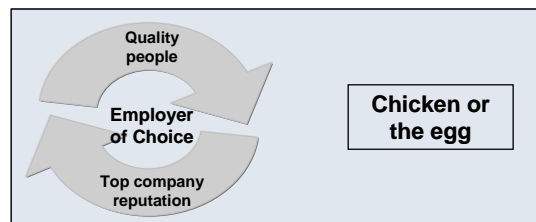
Research indicates the following dimensions which underpin an Employment Value Proposition:

<i>Work-Life Balance</i>	<i>Culture and Environment</i>	<i>Brand Strength</i>	<i>Compensation and Benefits</i>	<i>Work Environment</i>
<ul style="list-style-type: none"> <li>• Business travel</li> <li>• Location</li> <li>• Flex-time</li> <li>• Childcare</li> <li>• Work hours</li> <li>• Vacation</li> <li>• Telecommuting</li> </ul>	<ul style="list-style-type: none"> <li>• Senior team quality</li> <li>• Development reputation</li> <li>• Technology level</li> <li>• Risk taking environment</li> <li>• Company "fit"</li> <li>• Company size</li> </ul>	<ul style="list-style-type: none"> <li>• Brand reputation (Appeal of Company's Product or Service)</li> </ul>	<ul style="list-style-type: none"> <li>• Salary (base pay)</li> <li>• External equity (pay to market)</li> <li>• Internal equity</li> <li>• Bonus</li> <li>• Stock options</li> <li>• Retirement contributions</li> <li>• Health benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Manager quality</li> <li>• Co-worker quality</li> <li>• Recognition</li> <li>• Empowerment</li> <li>• Work challenge</li> <li>• Cutting-edge work</li> <li>• Internal mobility</li> <li>• Role clarity</li> <li>• Project responsibility</li> </ul>

## Becoming an Employer of Choice

The Principle of Uncertainty extends to all areas of life: perspective shapes perception, which, in turn, shapes what is seen. A heuristic relationship exists between the calibre of people employed and the reputation of the organisation, therefore, to become an employer of choice requires a two pronged approach:

- Drive improvement in employee quality and commitment through focusing on the employment value proposition
- Develop the corporate reputation of the organisation as an "Employer of Choice".



These two elements collectively create a distinct employment brand for the organization.

## About the author

Carel Redelinghuys has extensive experience in managing business and IT projects and programmes of work. He holds an MBA in Project and Change Management from Henley Management College in the UK. Carel's programme successes cover both technology and general business programmes such as merger integration, corporate turnaround, large-scale system implementations and cost optimisation exercises. His innovative style and extensive knowledge of technology and organisational behaviour enables him to effectively combine programme and change management disciplines to achieve strategic goals. You can contact Carel via <http://www.gtg.co.nz>.